

Message Text

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ACTION EB-11

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TAGS: ENRG, ETRD, BBAK, RO

SUBJECT: AMBASSADOR'S CALL ON MINISTER OF METALLURGY; ROMANIAN
IMPORTS OF U.S. COAL

REF: BUCHAREST 0454

1. DURING AMBASSADOR'S INTRODUCTORY VISIT ON JULY 25 WITH
MINISTER OF METALLURGICAL INDUSTRIES, NICOLAE AGACHI, MINISTER
RAISED SUBJECT OF NEED FOR ASSURED ROMANIAN IMPORT OF US COKING
COAL (WHICH WAS ALSO SUBJECT OF EARLIER CONVERSATION BETWEEN EMBOFF
AND DIRECTOR GENERAL OF FOREIGN TRADE ORGANIZATION MINERALIMPORT-
EXPORT). ACCORDING TO ROMANIAN OFFICIALS, A LONG TERM CONTRACT
WITH US FIRM CONSOLIDATION COAL TO COVER PERIOD UP TO 1980
PROVIDED FOR DELIVERY DURING 1974 OF 300,000 TONS OF METALLURGICAL
COAL VALUED AT ABOUT \$12 MILLION. GOR OFFICIALS SAY THAT ABOUT
140,000 TONS HAVE BEEN DELIVERED SO FAR THIS YEAR, BUT ARE HAVING
DIFFICULTY PINNING DOWN DELIVERY TIMES FOR THE BALANCE; THEIR
DIFFICULTIES ARE COMPLICATED, THEY SAY, BY COMMUNICATIONS
PROBLEMS WITH CONSOLIDATION COAL WHICH ARE DELAYING THE CONFIRMA-
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TION OF DELIVERY DATES. IN ADDITION, THE MINISTRY, THROUGH

MINERALIMPORTEXPORT, WORKED OUT AN ADDENDUM TO THE LONG TERM CONTRACT INCREASING US EXPORT QUANTITIES TO 500,000 TONS IN 1975, 1 MILLION TONS IN 1976, AND UP TO 1.7 MILLION TONS BY 1980. MINISTER AGACHI ASKED THE AMBASSADOR'S ASSISTANCE ON THIS PROJECT, PRIMARILY TO OBTAIN ADDITIONAL US COAL DELIVERIES AS SOON AS POSSIBLE IN 1974 UNDER CURRENTLY VALID CONTRACTS IN ORDER TO FILL PRESSING REQUIREMENTS OF ROMANIAN STEEL INDUSTRY. FOR THE LONGER TERM, MINISTER AGACHI EMPHASIZED THAT GOR CONTINUES TO HAVE STRONG INTEREST IN CONCLUDING JOINT PRODUCTION VENTURE IN US COAL INDUSTRY BASED ON DIRECT CAPITAL INVESTMENT BY ROMANIA IN THE UNITED STATES. MINERALIMPORTEXPORT OFFICIALS REQUESTED THAT WE LOOK INTO STATUS OF CONFIRMATION OF CONTRACT ADDENDUM, AND URGE AN EARLY POSITIVE REPLY FROM CONSOLIDATION COAL COMPANY.

2. COMMENT: TRADITIONAL SUPPLIERS OF ROMANIAN COKE AND COKING COAL HAVE BEEN COMECON COUNTRIES UNTIL RECENT YEARS WHEN, WITH ROMANIA'S INCREASED TRADE WITH THE NON-COMMUNIST COUNTRIES AND INTRA-COMECON DIFFERENCES ON DELIVERY PRICES AND QUALITY, ROMANIAN IMPORTERS HAVE TURNED INCREASINGLY TOWARD THE WEST FOR SUPPLIES OF THIS RAW MATERIAL STRATEGIC TO ROMANIA'S INDUSTRIAL DEVELOPMENT PLANS. (U.S. EXPORTS OF COAL TO ROMANIA REACHED ABOUT \$6 MILLION IN 1973, AND, AS STATED ABOVE, COULD DOUBLE IN 1974.) BESIDES THE BOOST TO OUR EXPORT EXPANSION EFFORTS, WE BELIEVE IT IS IMPORTANT TO ENCOURAGE THIS KIND OF INDEPENDENT ECONOMIC POLICY BY ROMANIA IF, AS IN THIS CASE, WE CAN DO SO WITHOUT IMPAIRING OUR OWN NATIONAL INTERESTS IN THE ENERGY FIELD. WE SUGGEST, THEREFORE, THAT DEPARTMENT MADE AN APPROACH TO CONSOLIDATION COAL TO DETERMINE STATUS OF CURRENT EXPORT CONTRACT AS WELL AS ADDENDUM, WITH VIEW TOWARD ENCOURAGING EARLIEST DELIVERY DATES DURING 1974.

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